



Better Neighbourhoods Program - Fact Sheet

Shaping our suburbs

Better Neighbourhoods is an important public housing initiative – initially developed by the South Australian Housing Trust and transferred to Renewal SA for management in 2012.

Better Neighbourhoods is:

- Changing the face of Adelaide's inner suburbs
- Generating positive outcomes for all stakeholders
- Emerging as self-funding.

Land for affordable housing

The state government faces some difficult issues in relation to ensuring there is sufficient land available to meet future demand needs, particularly for affordable housing for low income households.

The Urban Development Institute of Australia (UDIA) commissioned a study in 2003, which highlighted these issues in light of current trends in population and economic development.

The study noted that the present level of identified land stocks in metropolitan Adelaide was some 50,000 allotments and identified a further 45,000 possible additional allotments.

The report noted that these two sources could combine to provide a total of 95,000 allotments, enough to meet Adelaide housing needs for some 12-16 years at the predicted demand rate of 6,000 to 8,000 dwelling starts a year.

The UDIA report emphasised that this relatively finite land supply would either increase pressure for high-density redevelopment in inner and middle ring suburbs, or require managed expansion of Adelaide's Urban Growth Boundary.

The report also noted that land supply issues would also put more pressure on near-metropolitan areas, such as Mount Barker, the Adelaide Hills, the Barossa and the South Coast.

Meeting the challenges

The state government has large land and housing assets in the inner and middle rings of suburban Adelaide, where the average price of a small allotment is almost equivalent to the cost of building a small house.

There are significant asset management challenges related to this housing stock:

- About 30 per cent of the housing stock is more than 40 years old
- Around 30 per cent of these properties are double units (adjoined maisonette style housing) in high concentrations
- Maintenance costs for double units are generally 50 per cent higher than for single dwellings
- Upgrading these older properties to contemporary amenity standard costs some \$24,000 per house
- The state government is restricted in its ability to meet amenity targets – that is, providing the desired level of amenity across its housing range
- While urban regeneration projects improve social and economic outcomes and promote home ownership, these achievements are offset by reduced rental stock available and displacement of tenants
- Progressively decreasing levels of revenue and funding have resulted in the sale of housing stock to fund urban regeneration, building replacement houses and upgrades of older properties,
- This has significantly contributed to a decrease in the state government's stock holdings by over 14,000 dwellings, or 23.4 per cent, in the past fifteen years.

These management issues are being resolved through the Better Neighbourhoods program.

The key aims

Key outcomes for Better Neighbourhoods are:

- A program that is self-funding through sale of housing allotments created for sale to the open market
- Renewed neighbourhoods through replacement of aged social housing with more appropriate homes
- Housing that meets the specific needs of tenants
- Maintenance of social housing inventory levels
- Improvements to Adelaide's housing infrastructure and residential streetscapes.

How does it work?

Better Neighbourhoods targets small “spot” redevelopment sites in appropriate locations across Adelaide and in regional areas. The enabling factor is the rising value of land, particularly in Adelaide, and the narrowing of the gap between land and building costs, as land costs rise.

The key elements of a typical Better Neighbourhoods project are:

- Identifying aged housing stock in valuable locations
- Removing the old housing
- Reducing block size (often by half)
- Generating, for example, 10 or 11 new blocks from five old blocks
- Selling, say, five blocks to private ownership to generate revenue
- Building five or six new social housing residences that offer contemporary amenity levels and meet tenants’ specific needs -- effectively from the land sale revenue.

The outcomes are:

- Better social housing and maintained inventory levels
- The construction of the new homes is self-funded from land sales
- Social housing tenants access established infrastructure – schools, shops, transport, power, water, sewerage
- Tenant lives are enhanced by housing more appropriate to their needs in areas of choice in the inner suburbs
- Surplus funds from the sale of premium land can support the development of lower-value sites in other areas.

Broadly, Better Neighbourhoods is creating a more integrated balance of public and private housing and providing public housing that is virtually indistinguishable from private housing.

This achieves a more sustainable, long-term model for healthy integrated communities, contributes to better use of established infrastructure and reduced expenditure on new infrastructure and recognises the special needs of our changing clientele.

Working in partnership with communities

Better Neighbourhoods provides opportunities to work in partnership with local government and the private sector.

Better Neighbourhoods assists local government by:

- Generating increased rate revenue from new, higher-valued properties created through land sales
- Driving dramatic improvements in suburban streetscapes and landscapes
- Providing better living environs for our tenants

- Establishing vibrant communities with a mix of public and private residents
- Injecting new life into older suburbs
- Maximising use of established infrastructure in target locations.

The building industry also recognises the benefits of the program to its sector through the creation of new, small housing markets in tightly held and sought-after locations.

Better Neighbourhoods targets areas of relatively high demand, which ensures strong buyer demand for the consequent land and housing available for sale. Not only does this maximise returns to state government, it creates an “instant” market for these properties and permits developers and builders to meet buyer demand.

Better Neighbourhoods has the endorsement of the property industry, with the Urban Development Institute of Australia, the Housing Industry Association and the Master Builders Association all offering strong support for the program.

Key elements

The Better Neighbourhoods program relies on essential housing industry knowledge and vision. This includes:

- A thorough understanding of housing issues, imperatives and policy
- Broad and deep analysis of housing stock
- Recognition of relative maintenance costs
- Appreciation of infrastructure capacities
- Awareness of property price and preference trends
- Engagement with local government and other stakeholders
- Understanding of property industry trends and initiatives
- Awareness of social tenants’ general and specific needs.

With these areas of understanding, we can apply the Better Neighbourhoods template of requirements and identify suitable areas, suburbs, streets and specific housing stock that meet the criteria.

The Better Neighbourhoods program plans to replace up to five thousand public housing properties over 10-15 years in the metropolitan areas between Gepps Cross in the north and Darlington in the south.

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